

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF)	
RATES OF COLUMBIA GAS)	CASE NO. 8738
OF KENTUCKY, INC.)	

O R D E R

IT IS ORDERED that Columbia Gas of Kentucky, Inc. shall file an original and 12 copies of the following information with the Commission by March 14, 1983. Each copy of the data requested should contain an index of the information provided and be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. What studies have been performed by Columbia to quantify the effects of attrition and consumer conservation on

Columbia's rate base, capital, operating revenues and operating expenses? Provide a copy of studies or reports performed and a brief summary stating the positive and negative effects on Columbia's operations specifically stated above.

2. What operating efficiencies or measures has Columbia instigated in the past year to reduce costs? Has the annualized expense change of these measures been incorporated in test period operations? What is the dollar amount included in the test period attributable to these efficiencies?

3. What studies has Columbia performed to arrive at its conclusion that 5 percent of its residential customers will replace old furnaces with new ones that are 10 percent more efficient? Provide copies of these studies with an explanation of all assumptions and variables used.

4. What was the basis for Columbia's assumption that Columbia's commercial customers' efforts to conserve would be offset by their potential growth? Provide copies of any forecasts or studies performed.

5. What was the gross investment in plant in service, operating revenues and operating expenses per customer for the test period and the preceding 5 years in constant dollars using 1972 as the base year? Calendar years are acceptable for the preceding 5-year period.

6. Provide the computations or forecasts and any underlying assumptions used to determine the projected volumes of purchased gas for the 12 months ending December 31, 1983.

7. What is the criteria used by Columbia to determine the amount of wage increases to be given to its management and other non-union employees? Provide a copy of the guidelines.

8. Has Columbia experienced any difficulty in attracting and/or retaining qualified employees at its current compensation levels (including salaries, wages, fringe benefits, etc.). Describe any difficulties experienced.

9. Do all employees of Columbia receive the same benefit package? Provide a detailed explanation of benefits in general and any areas where there is a material difference in the benefits received by any employee or group of employees.

10. Provide copies of any labor contracts entered into by Columbia. When will the contract expire and/or be renegotiated?

11. Are the labor contracts negotiated by Columbia's parent or locally by Columbia? If negotiated by the parent, what input does Columbia have into these negotiations?

12. What is the percentage of employee benefits for all employees to total wages for the test period and the previous 5 years?

13. How does Columbia determine the amounts to be capitalized on payroll taxes and employee benefits?

14. What was the percentage of net charge-offs to revenues for the previous 3 years and the test period? How was the ratio for uncollectibles determined?

15. What percentage of Columbia's purchased gas during the test period is unaccounted for, excluding company used gas?

16. Has Columbia increased its end of period depreciation reserve to reflect the inclusion of its pro forma adjustments to depreciation expense?

17. Provide a detailed explanation of why Account 925, Injuries and Damages, is substantially higher in 1977 and 1979 than the other 3 years in the 5-year period 1977 through 1981.

18. Do Columbia's employees share in the cost of any employee benefits such as pension plans, etc.? If yes, what percentage of the total expenditure is borne by Columbia?

19. Is the debt to associated companies shown in Columbia's financial exhibits amounts payable to Columbia's parent corporation? If not, explain to whom payable and the necessity for the borrowings.

20. Explain the reason for eliminating forfeited discounts from revenue received from sources other than the sale of natural gas in your adjusted statement.

21. Provide a breakdown of estimated rate case expenses expected to be incurred in this proceeding. Moreover, provide a breakdown of rate case expenses incurred in connection with Case No. 8281.

22. Provide a detailed explanation of Columbia's reason and the necessity for the repricing of nominated gas supplied under rate schedule WS and synthetic gas purchases.

23. Provide copies of any take or pay contracts for purchased gas that Columbia has entered into or operated under during the test period and the previous 3 years.

24. Have any of these contracts been renegotiated to eliminate take or pay clauses? If not, what efforts are being made to resolve or renegotiate these contracts?

25. Given the projected reduction in gas sales has Columbia made any reduction in the amount of prepaid gas that will be required? Why or why not?

26. What criteria does Columbia use in determining when to accrue an allowance for funds used during construction ("AFUDC").

27. At the end of the test period, what is the balance in CWIP eligible for AFUDC?

28. In Notice Exhibit 2-A, describe how the amount shown for AFUDC was adjusted. Provide the calculations.

29. Provide for each month of the test period the MCF balances in prepaid gas from each of Columbia's suppliers.

30. Under take or pay contract clauses, how many MCF's of purchased gas was Columbia required to purchase that were not used and what expenses were associated with this unused gas? How is this accounted for?

31. Provide the calculations for determining the amount of excess deferred taxes resulting in the change from the 48 percent to the 46 percent federal tax rate.

32. What are Columbia's practices and policies concerning meter reading?

33. Provide the names and addresses (not the company's address) of all members of Columbia of Kentucky's board of directors. If Columbia of Kentucky has no board members, provide the names and addresses of all members of the parent company's board of directors.

34. Describe generally what services are performed by Columbia's parent or another subsidiary of the Columbia system for Columbia and what services are handled locally? For the services provided by the parent indicate when and how the service is billed to Columbia, the method used to bill or assign the amounts charged to Columbia, what control Columbia has over the services expensed on Columbia's books.

35. Provide workpapers showing how Columbia Gas System's growth rates were calculated for earnings per share, dividends per share and book value per share on schedule 10, page 1 of Mr. O'Donnell's prefiled testimony.

36. Provide workpapers showing how the nominal interest rate for commercial paper is calculated, on line 1 of the company's response to item 2b of the first staff request.

37. a. Submit updates of Columbia Gas System's financing as of December 31, 1982, to reflect changes in common stock, preferred stock and long and short-term debt since the end of the test year.

b. Submit updates, when available, to reflect changes in Columbia Gas System's financing since December 31, 1982.

All updates for (a) and (b) should be submitted as follows: for common equity, updates should be in the same format as item 4a, page 1 of the initial staff request. For preferred equity, updates should be in the same format as item 3, page 2 of the initial staff request. For long-term debt, updates should be

in the same format as item 2a, page 2 of the initial staff request. Finally, for short-term debt, updates should be in the same format as item 2b of the initial staff request.

c. Update embedded cost rates to reflect the issuance of new securities or the retirement of old securities since the end of the test year.

d. Update item 2a, page 3 of the initial staff request for the year ended December 31, 1982.

38. a. Submit an update of item 4b, format 4b of the first staff request that includes data for the 4th quarter of 1982, including the return on average common equity for 1982 and available data for the 1st quarter of 1983.

b. Submit an update of item 4c of the first staff request that includes market price information for October, November and December of 1982 and January and February of 1983.

Done at Frankfort, Kentucky, this 2nd day of March, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary